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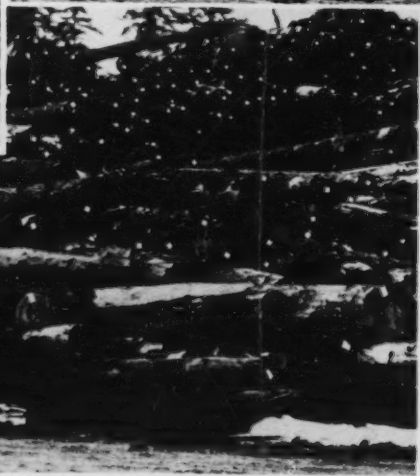
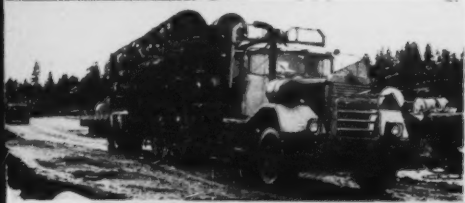
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DECEMBER 1984 ALASKA ECONOMIC TRENDS

Alaska Department of Labor

Bill Sheffield, Governor, State of Alaska



1 Village Native Corporations

ALASKA ECONOMIC TRENDS

Bill Sheffield, *Governor, State of Alaska*

Jim Robison, *Commissioner, Department of Labor*

Judy Knight, *Director, Administrative Services*

Chuck Caldwell, *Chief, Research and Analysis*

Ed Eboch, *Editor*

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CONTENTS

<i>Village Native Corporations</i>	1
Alaska	9
Anchorage/Matsu	12
Fairbanks/Interior	18
Gulf Coast	22
Southeast	25
Hours and Earnings	30
Labor Force By Region and Census Division	Center Insert

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1983.

P Denotes preliminary estimates.

R Denotes revised estimates.

VILLAGE NATIVE CORPORATIONS

By Ed Eboch

While receiving less attention than Alaska's regional Native corporations the Alaska village Native corporations have matched the success of their better known contemporaries. Created by the Alaska Native Claims Settlement Act (ANCSA), in settlement of the aboriginal claims of the Alaska Native Indians, Aleut, and Eskimo population, the village Native corporations have begun to play an important role both economically and socially in Alaska's rural areas. From the evidence to date their impact on Alaska's economic, political, and social structures has just begun. As both the village and regional Native corporations grow and expand they will continue to make an important contribution to Alaska's future.

This article will address the benefits of ANCSA to Alaska Native business ownership and employment with concentration on the village Native corporations and an overview of both the village and regional corporations. For a more detailed discussion of the regional corporations and ANCSA see the June 1984 issue of *Alaska Economic Trends* (reprinted in the August issue of *Alaska Native News* magazine).

Village Corporations

Village corporations vary widely in size. A minimum of 25 shareholders was required under ANCSA to incorporate but the largest village corporations have over 2,000 shareholders. Each corporation, to protect the interests of their shareholders, has different goals and expectations. With different resources and opportunities available the performance of the village corporations has not been uniformly successful. Some have substantial timber resources on their land while others are without such resources. A few have substantial urban land which has significant value for development. Those corporations with valuable resources on their land have tended to perform better than the resource poor corporations.

Village corporations are autonomous organizations although they are still tied to the regional corporations for oversight and assistance. The cash and land settlement was determined by the number of shareholders. Small village corporations with little land resources have little capital to fall back on in difficult times. The number of village corporations started at 224 but mergers and consolidations have reduced the number to 172. Because the amount of cash and land received was based on the number of shareholders many smaller corporations merged in an effort to survive.

There were many problems associated with the early organization of the village corporations that slowed their development and impeded success. Eligibility and enrollment, land selection, village-regional relationships,

as well as numerous other issues had to be addressed before the village, corporations could concentrate on developing a successful and profitable local corporation.

Alaska village Native corporations are currently involved in every industry sector except mining. Business activities range from village stores to major hotels in Alaska's larger communities; from construction (including oil and gas related construction) to manufacturers (fish processing, logging and sawmills); and includes all types of services from fuel delivery service and veterinary service to air cargo and passenger service. While their activities tend to be concentrated in the rural communities with the main beneficiary of these activities the local community, the village corporations also have taken advantage of other opportunities. Besides investing in hotels in larger communities they are actively engaged in tourism and personnel, engineering and social services. Because ANCSA assigned subsurface rights of land selected by the village corporations to the appropriate regional corporation it is unlikely that mining activities will be associated with the village corporations.

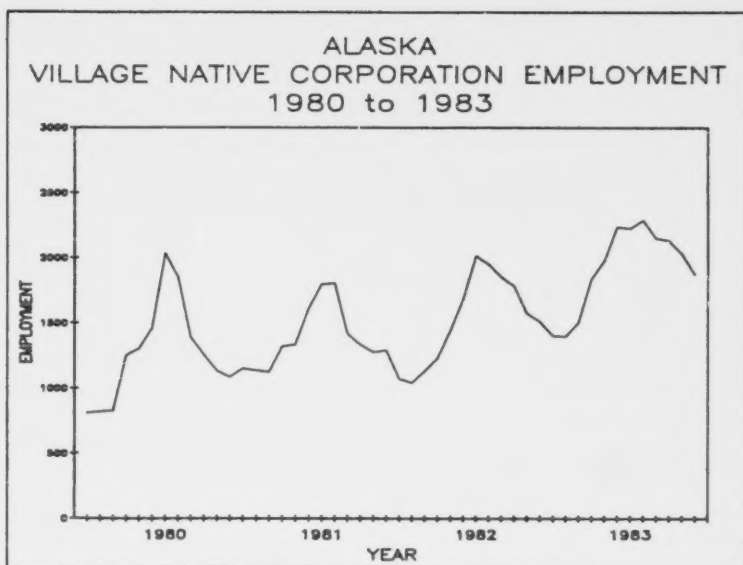
Employment Profile

The village Native corporations' employment indicates the diversity of activities as well as the dispersion of employment around the state. Many, if not most, of the businesses operated by the village corporations are located in smaller communities. The village corporations have not, however, ignored investment opportunities in the larger communities as is evident by their ownership of businesses located or based in Juneau, Fairbanks, and Anchorage. Many of the businesses, while located in the larger metropolitan communities, are providing a service, such as air service, to the village communities.

An analysis of the firm data confirms that the village corporations are, for the most part, relatively small. For the month of March 1984 only one firm had over 100 employees. The largest firm in Southwest Alaska, the area with the largest total village Native corporation employment, had a total of only 31 employees during March 1984.

Firms in the Gulf Coast region had the greatest variability in employment with the largest firm having only 14 employees in March 1984 but with a different firm having over 100 employees in one month in 1983. During all of 1983 only three firms had employment that peaked at 100 employees or more, one each in Anchorage/Mat-Su, Gulf Coast, and Southeast region.

The peak employment by a single firm in 1983 in the other regions was 65 in the Northern region, 58 in the Fairbanks/Interior region, and 46 in the Southwest region. The 1984 first quarter peak employment for a single



firm was 47 in the Northern region, 66 in the Fairbanks/Interior region, and 31 in the Southwest region. Interestingly, different firms had the peak employment in four of the six regions for the first quarter 1984 versus the 1983 year.

The Southwest region not only averaged the greatest village Native corporation employment of all the regions over the period but also had the greatest number of individual businesses (76) with reported employment in March of 1984. Anchorage/Mat-Su had both the smallest number of businesses (12) as well as the lowest annual average employment. The number of firms with employment in the other regions as of March 1984 were 36 in the Northern region, 36 in the Fairbanks/Interior region, 20 in the Gulf Coast region, and 20 in the Southeast. While the Southeast region was very close to the Southwest region in average annual village Native corporation employment it had many less businesses. The greater employment totals in the Southeast are partly a result of investments in Alaska's capital city. More than any other of Alaska's major communities, Juneau has been a beneficiary of investments by village Native corporations.

While it appears that the finance, insurance and real estate industry was the major area of activity for the village corporations this is misleading. As the Native corporations were formed they were initially in many different activities and/or changed major business activities frequently. Rather than attempt to constantly reclassify these businesses they were classified as

Management Investment offices. While management of investments, including real estate, is a primary concern of all the village corporations this classification does not usually reflect the activity that includes the majority of the corporations' employment.

The Alaska village corporations are most active in the trade and service industries. In many of the villages they own and operate the grocery store, service station, restaurant, bar and/or lodge. They have also invested in hotels and motels, as well as other activities, in the larger communities. These investments are a natural outgrowth of the development of the village corporations. They provide both a source of return to the corporations and a needed service to the community. This emphasis on service to the rural communities is apparent in many of the businesses undertaken by the village corporations. Rural construction, rural air service, fish processing and logging activities, as well as lodges, restaurants and other activities all offer employment opportunities in the local villages. The long run benefits should be a stronger, more diversified Alaska economy.

Total Native Corporation Employment

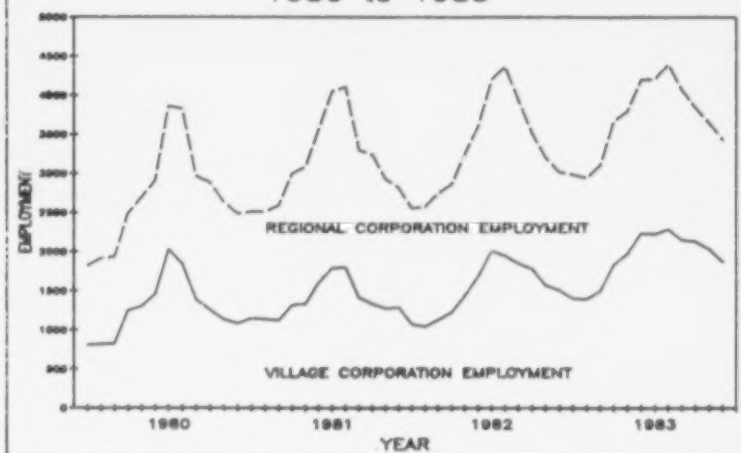
There are several similarities and differences between employment of the regional corporations and the village corporations. The regional corporations had the greatest concentration of employment in the Anchorage/Mat-Su region and the smallest employment in the Southwest and Southeast. This is opposite of what we see with the village corporations. Over 50% of village corporation employment was in the Southeast and Southwest versus less than 10% for regional corporations.

This concentration of employment in Anchorage by the regional corporations is not surprising since the regional corporations need a central location to represent their stockholders and Anchorage is one of the best areas in the state for large investments that can be centrally managed. To have small investments spread widely throughout the state or even within the region would present difficult management problems. For the village corporations investment in the local communities are attractive since they are more likely to be businesses with which they are familiar and it also makes management easier and more responsive to the stockholders as well as accomplishes the economic and social criteria of ANCSA.

Another difference is the concentration of employment by industry. The regional corporations have little employment in the transportation, communications, and utilities industry while the village corporations are well represented in this industry. The village corporations provide air service, trucking and warehousing service, and electric utility service to the village communities.

While both village and regional corporations report manufacturing

ALASKA NATIVE CORPORATION EMPLOYMENT 1980 to 1983



employment in seafood harvesting, the village corporations also have a significant number of firms and employment in the logging and sawmills category. In trade, the village corporations' employment is concentrated in retail trade. General merchandise stores, grocery stores and fuel service operations are the major trade activities. The regional corporations' trade related employment is divided between wholesale and retail with eating places the major employment category in the retail trade area.

The mining employment in the regional corporations is concentrated in oil field services at this time but the regional corporations have potential for hard rock mining development. (The lack of employment is identified with the lack of actual mining operations. Employment associated with early planning and development is most likely classified as investment offices and included in the industry classification finance, insurance and real estate.) As mineral prices improve it can be anticipated that new business ventures will develop in the mining industry.

Both the regional and village corporations have invested heavily in hotel and motels or lodges. The regional corporations' investments tend to be in the major communities while the village corporations' investments tend to be local, although some have invested in hotels in the larger communities. The Native corporations also appear to have made investments that satisfy the social goals of ANCSA as nearly all the employment in the services and miscellaneous category are in organizations providing social services.

**Alaska Village Corporations
Employment by Region
Quarterly Average**

	1984		1983			1982			
	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Northern	305	350	338	272	204	244	266	214	149
Fairbanks Interior	222	223	233	196	165	169	128	110	97
Anchorage Mat-Su	156	163	130	137	123	128	120	112	104
Southwest	540	554	618	465	398	440	548	467	376
Gulf Coast	100	139	244	360	115	163	386	212	99
Southeast	465	586	658	588	430	480	491	337	258
Total	1,788	2,014	2,223	2,018	1,434	1,623	1,939	1,452	1,083

**Alaska Village Corporations
Employment by Industry
Quarterly Average**

	1984		1983			1982				
	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q	
Construction	104	162	139	64	23	86	107	45	35	
Manufacturing	140	202	362	453	125	214	522	245	63	
Trans. Comm. & Util.	209	196	217	191	109	109	107	87	64	
Trade	341	364	354	335	281	252	284	217	191	
Fin.-Insurance & R. Estate	582	664	723	564	506	587	573	522	429	
Services & Misc.	112	425	427	402	390	375	347	334	299	
Total	1,788	2,014	2,223	2,526	1,434	1,623	1,939	1,452	1,083	

Conclusions

According to ANCSA, the Native corporations were to administer the land and cash settlement "in conformity with the real social and economic needs of Alaska Natives". In spite of the potential incompatibility, the Native corporations appear to be accomplishing both goals in an environment that would suggest such accomplishments are unlikely if not impossible. The village and regional corporations have taken advantage of their strengths in choosing their investments. A review of the type of activities the village corporations are engaged in, as represented by employment, indicate that they have taken their social responsibility seriously and are contributing to the economy of rural Alaska.

The Native corporations have concentrated their investments in Alaska. Under difficult circumstances, related to the implementation of ANCSA, they have managed to succeed and grow. This is even more remarkable given that local investment opportunities of fish harvesting and timber production have suffered setbacks over the past several years.

**Alaska Native Corporations
Total Employment
Annual Average**

	1983	1982
Mining	85	27
Construction	249	273
Manufacturing	410	402
Trans. Comm. & Utilities	205	97
Trade	643	604
Fin.-Insurance & R. Estate	929	855
Services & Misc.	1,173	1,068
Regional Corporations	1,774	1,800
Village Corporations	1,922	1,524
Total	3,696	3,324

**Alaska Native Corporations
Employment Growth by Region
1980 to 1983**

	Village Corporations			Regional Corporations			Total		
	1983	1980	Chg.	1983	1980	Chg.	1983	1980	Chg.
Northern	291	181	60.8	255	214	19.2	546	395	38.2
Fairbanks/Interior	204	75	172.0	113	101	11.9	317	176	80.1
Anchorage/Mat-Su	138	13	—	1071	797	34.4	1209	810	49.3
Southwest	509	392	29.8	45	46	2.2	554	438	26.5
Gulf Coast	215	437	-50.9	187	206	9.2	402	643	-37.5
Southeast	566	173	227.2	103	72	43.1	669	245	173.1
Total	1922	1271	51.2	1774	1436	23.5	3696	2707	36.5

**Alaska Native Corporations
Employment Growth by Industry
1980 to 1983**

	Village Corporations			Regional Corporations			Total		
	1983	1980	Chg.	1983	1980	Chg.	1983	1980	Chg.
Mining	—	—	—	85	1	—	85	1	—
Construction	97	46	110.9	152	128	18.8	249	174	43.1
Manufacturing	286	179	59.8	124	134	-7.5	410	313	31.0
Trans. Comm. & Util.	178	80	122.5	27	28	-3.6	205	108	89.8
Trade	334	243	37.4	309	193	60.1	643	436	47.5
Fin.-Insurance & R. Estate	614	539	13.9	315	242	30.2	929	781	19.0
Services & Misc.	411	183	124.6	762	710	7.3	1173	893	31.4
Total	1922	1271	51.2	1774	1436	23.5	3696	2707	36.5

**ALASKA
HOURS AND EARNINGS
FOR
SELECTED INDUSTRIES 1/ 2/**

	Average Hourly Earnings			Average Weekly Hours			Average Weekly Earnings		
	p/ 8/84	r/ 7/84	8/83	p/ 8/84	r/ 7/84	8/83	p/ 8/84	r/ 7/84	8/83
Mining	\$23.02	\$23.41	\$23.61	52.3	49.6	51.9	\$1203.95	\$1161.14	\$1225.36
Contract Construction	24.42	24.91	24.18	45.1	43.9	44.9	1101.34	1093.55	1085.68
Manufacturing	10.54	9.94	10.50	48.1	44.1	41.7	506.97	438.35	437.85
Food & Kindred Products	8.49	8.00	8.28	50.6	45.9	42.2	429.59	367.20	349.42
Lumber & Paper Products	16.02	15.58	16.63	40.7	37.6	39.2	652.01	585.81	651.90
Trans. Comm. & Utilities	16.05	15.73	15.80	39.1	40.2	38.5	627.56	632.35	608.30
Trade	10.77	10.67	10.05	35.9	37.0	35.6	386.64	394.79	357.78
Wholesale	13.46	13.45	11.89	37.9	39.2	38.8	510.13	527.24	461.33
Retail	9.69	9.54	9.25	35.2	36.2	34.3	341.09	345.35	317.28
Fin.-Insurance & R. Estate	—	—	—	—	—	—	367.70	389.90	343.54

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor

2/ Excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Few people anticipated the difficulties of implementing ANCSA. Besides the problems associated with a corporate rather than a tribal structure, delays in implementing the land and cash terms of the settlement have all contributed to a difficult development phase for the Native corporations. The ANCSA settlement identifies 1991 as the period when Native land could be taxed and Native corporation stock could be sold to non-natives. Because of delays in implementing the terms of ANCSA there has developed a general consensus that this date should be extended to give the Native corporations sufficient time to complete the objectives of ANCSA as originally intended.

Note: The data presented should be interpreted in terms of magnitude and direction not in absolute terms. The data was developed from a survey of the village Native corporations (over 50% of the village corporations responded) and from the Department of Labor Unemployment Insurance tax files. The employment numbers probably understate slightly actual employment. Also, they do not include other Native organizations such as local or regional associations or individual Native businesses.

ALASKA

By Ed Eboch

Nonagricultural wage and salary employment dropped by 7,500 employees in October as seasonal employment adjustments continued. Seafood processing down by over 50%, and construction, down 8% led the drop in employment. The exception to the November decline was an increase in state and local government employment, a result of school openings. The Alaska unemployment rate for October was 9.5%, up from both last month and October 1983. While employment in 1984 has been greater than 1983, the rate of growth has dropped to less than 3% versus the 6-7% rate of late last year and early this year.

Oil Prices

The downward pressure on world oil prices continues. Norway's decision to cut official oil prices on October 15—backdated to October 1—was quickly followed by Britain and Nigeria. While the Organization of Petroleum Exporting Countries (OPEC) met to try to stop the continued decline in world oil prices, the proposed production cutbacks have not been successful in the past and are unlikely to be successful now. Already there are reports of OPEC members offering discounts to buyers.

Recession and price induced conservation over the past reduced demand at the same time production capacity was increasing. We now have a world that only uses about 56 million barrels of oil a day compared to a 1979 peak year consumption of 65 million barrels a day. The result is a spot market with surplus oil, both crude and products. OPEC's failure to recognize the individual needs of its member countries and the current world excess supply of oil make it unlikely they will be able to maintain the current price. Nigeria, Iran, and Iraq all have acute economic problems although for different reasons while Mexico and Venezuela with large foreign debts need revenues from oil exports.

The effect of a continued decline in oil prices is good for the U.S. and to a lesser extent the world's non oil exporting countries, but it will have a negative effect on Alaska's economy. A decline in oil prices results in an increase in the U.S. gross national product. The prospect of slower inflation should help reduce interest rates, encourage investment and consumer spending, and ease the monetary crisis of debtor nations. This would insure a continued economic recovery worldwide.

For Alaska it has been estimated that each \$1 drop in the price of a barrel of oil reduces tax revenues to the state of Alaska by \$150 million. There does not appear to be a problem of unrealized revenues causing a serious deficit in FY84 for the state, but as domestic oil prices slip revenues for FY85 will be below 84 levels. This would result in less government spending on large

capital projects. Lower oil prices also make it less attractive for the oil companies to pursue exploration and development, especially for Alaska's high cost oil. The net effect of lower oil prices will be a less robust Alaska economy.

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ALASKA**

	CHANGES FROM:				
	P/ 10/84	R/ 9/84	10/83	9/84	10/83
Nonag. Wage & Salary	224800	232300	218700	-7500	6100
Mining	8000	8100	8000	-100	0
Construction	22300	24200	24400	-1900	-2100
Manufacturing	10000	15100	11100	-5100	-1100
Food & Kindred Products	4300	9200	5500	-4900	-1200
Lumber & Paper Products ...	2700	2800	2600	-100	100
All Other Mfg.	3000	3100	3000	-100	0
Trans. Comm. & Utilities	19600	20100	18800	-500	800
Trucking & Warehousing	2300	2300	2100	0	200
Water Transportation	1500	1600	1600	-100	-100
Air Transportation	6200	6200	5800	0	400
Other Trans. Comm. & Utilities	9600	10000	9300	-400	300
Trade	44400	44900	44100	-500	300
Wholesale	8500	8500	8300	0	200
Retail	35900	36400	35800	-500	100
Gen. Merchandise & Apparel	5000	5200	5000	-200	0
Food Stores	5900	6000	6000	-100	-100
Eating & Drinking Places ...	12500	12700	12400	-200	100
Other Retail Trade	12500	12500	12400	0	100
Fin.-Insurance & R. Estate	11200	11400	10800	-200	400
Services & Misc.	42400	42900	38300	-500	4100
Government	66900	65600	63200	1300	3700
Federal	17700	18200	17700	-500	0
State	20100	19700	19400	400	700
Local	29100	27700	26100	1400	3000

Prepared in cooperation with the U.S. Bureau of Labor Statistics.

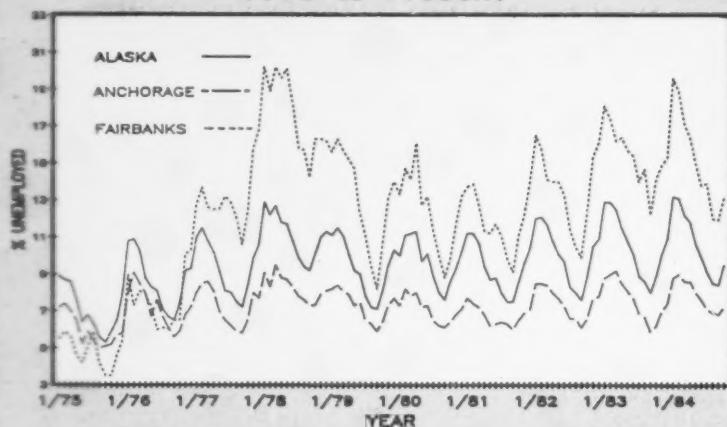
Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1983.

P/ Denotes preliminary estimates.

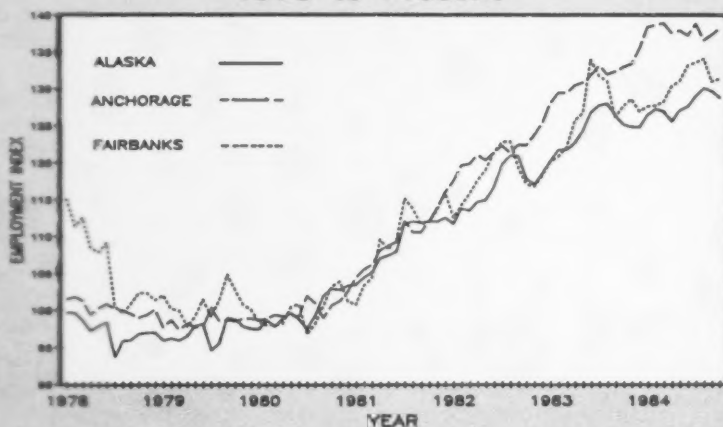
R/ Denotes revised estimates.

UNEMPLOYMENT RATES NOT SEASONALLY ADJUSTED 1975 to Present



source: Ak. Dept. of Labor

Composite Nonag. Employment Indexes Seasonally Adjusted 1978 to Present



source: Ak. Dept. of Labor

ANCHORAGE/MAT-SU

By Greg Huff

Anchorage Industry Employment: Review and Forecast

Anchorage employment trends in 1984 show the signs of an expanding economy with the exception that construction activity is peaking. Nonagricultural wage and salary employment during the year is estimated to average 109,250 (with the last three months employment levels forecast), an increase of 5.0% over of the previous year but 3 percentage points less than 1983 employment growth. Smaller construction employment gains in 1984 were the primary cause of the slower growth rate. All other major industry groups showed significant employment increases.

Construction employment leveled off in 1984 as a result of sharp declines in residential construction while nonresidential construction activity increased over 1983 levels. The number of housing permits issued declined 55% and the dollar valuation of new residential construction declined 40%. Commercial construction valuation in Anchorage through October 1984 surpassed similar 1983 levels by \$67 million, a 20% increase. Highway and other heavy construction activity through September 1984 were also above 1983 levels.

Total Nonagricultural Employment Forecast

Generally, the forecast indicates a healthy but slowing economy. Total employment is forecasted to increase 3.4% in 1985 and 2.8% through the first half of 1986, compared to growth rates of 10.4%, 10.5%, 8.1% and 5.4% for 1981 through 1984, respectively. Anchorage employment growth is forecasted to outpace statewide employment growth since Anchorage will not feel the full repercussion of some factors dragging on the statewide economy such as expected declines in the pulp and lumber industry, and declines in construction activity on the North Slope. Anchorage as the primary commerce and distribution center for the state will receive additional stimulus from rural expenditures in Anchorage.

Mining

Mining employment is forecasted to increase moderately in 1985 and 1986. Anchorage support staffs for North Slope oil and gas operations will grow in response to continued exploration, the development of marginal North Slope fields, and continued recovery enhancement operations of existing fields. Anchorage non-oil exploration and support staffs will stay flat due to continued soft prices and weak demand.

Construction

Construction employment is forecasted to decline 8.9% in 1985 and 13% in the first half of 1986. The decline will come primarily as a result of substantially lower building activity in the residential market. Indications of a weakening residential housing market began appearing in late 1983 and have continued. Issued housing permits have fallen by 50% from 1983 levels reflecting the weakening market. Private commercial construction activity in 1985 will remain near present levels but will experience shifts in activity mix. Some commercial markets, such as office space, are saturated and suffering from high vacancy rates. These markets will encounter declines in activity. Retail building construction activity will plateau near 1984 levels. Many retail building projects on line in 1984 will be carried over into 1985 and some new projects are expected to get started in 1985, particularly in south Anchorage and Eagle River. Other markets have room for additional capacity and will likely see increased activity such as the hotel/motel sector.

Public construction activity including local, state and federal projects will hold steady in 1985. Road construction will at least meet 1984 activity levels. The last of the Project 80's will be completed during the 1985 and 1986 seasons, including the Headquarter Library building, Performing Arts Center, and Anchorage Police Headquarters building. Federal government construction expenditures will increase in 1985 with the building of several post offices and several military construction projects.

Government

Government employment is forecasted to expand by 3.5% in 1985 and continue similar growth in 1986. Federal government employment will expand due to increases in civilian military employment and Postal Service employment. The Municipality of Anchorage is forecasted to increase manpower levels in 1985 and 1986 due to additional services demanded by a growing population. The Anchorage School District is likely to represent a large share of local government growth. Increases in the University of Alaska and Anchorage Community College will push state government employment up as well. The locating of more state government functions to Anchorage will also expand Anchorage state government employment rolls.

Other Industries

Growth in population and real personal income will continue to generate growth in the secondary industries such as transportation, utilities and communications; services; trade; and finance, insurance and real estate. Retail trade will remain the fastest growing sector. The services industry will provide more new jobs than any other industry except trade with the health sector being the fastest growing of the service industries. Increased

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE-MATSU**

CHANGES FROM:

	P/ 10/84	R/ 9/84	10/83	9/84	10/83
Nonag. Wage & Salary	119650	120450	114100	-800	5550
Mining	3550	3600	3450	-50	100
Construction	11550	12450	11900	-900	-350
Manufacturing	2850	2950	2800	-100	50
Trans. Comm. & Utilities.....	9850	9900	9500	-50	350
Trade	29100	29000	27750	100	1350
Fin.-Insurance & R. Estate	8050	8200	7500	-150	550
Services & Misc.	26050	25950	24150	100	1900
Government	28650	28400	27050	250	1600

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
ANCHORAGE**

CHANGES FROM:

	P/ 10/84	R/ 9/84	10/83	9/84	10/83
Nonag. Wage & Salary	112650	113600	108550	-950	4100
Mining	3500	3600	3400	-100	100
Construction	10650	11650	10950	-1000	-300
Manufacturing	2700	2800	2650	-100	50
Food & Kindred Products	500	600	550	-100	-50
Other Mfg.....	2200	2200	2100	0	100
Trans. Comm. & Utilities.....	9250	9350	9000	-100	250
Trucking & Warehousing....	1350	1250	1350	100	0
Water Transportation	350	350	400	0	-50
Other Trans. Comm. & Utilities	3800	3950	3500	-150	300
Trade	27750	27650	26550	100	1200
Wholesale	6300	6250	6050	50	250
Retail	21450	21400	20500	50	950
Gen. Merchandise	1800	1750	1800	50	0
Food Stores	2850	2900	2550	-50	300
Eating & Drinking Places...	8200	8200	7850	0	350
Other Retail Trade	8600	8550	8300	50	300
Fin.-Insurance & R. Estate	7700	7800	7250	-100	450
Services & Misc.	24800	24450	23550	350	1250
Government	26300	26300	25200	0	1100
Federal	10350	10450	9900	-100	450
State	6750	6650	6550	100	200
Local	9200	9200	8750	0	450

tourism in 1985 and 1986 will also add impetus to firms providing goods and services to tourists, such as accommodations, gift shops, and air and bus transportation.

Methodology and Assumptions

The employment forecast is based on the Box-Jenkins ARIMA modeling method. ARIMA models are a quantitative method which can be used to produce short-term forecast of a time series from its own past values. The ARIMA models have proved to be excellent short-term forecasting models and have frequently outperformed larger, more complex models. The major assumption underlying these forecasts is that there will be no major disruption in the price of oil during the forecast period. Other assumptions related to the forecast are explained above.

Anchorage Nonagricultural Wage & Salary Employment 1983 & 1984 1/

	1983	1984 2/	Percent Change
Total Employment	104100	109250	4.9%
Mining	3600	3450	-4.2%
Construction	9400	9550	1.6%
Manufacturing	2500	2600	4.0%
Food & Kindred	600	550	-8.3%
Other Manufacturing	1900	2050	7.9%
Trans. Comm. & Utilities	8700	9100	4.6%
Trucking & Warehousing	1200	1300	8.3%
Water Transportation	300	300	—
Air Transportation	3600	3750	4.2%
Other Trans. Comm. & Util.	3600	3750	4.2%
Trade	25400	27300	7.5%
Wholesale	5900	6300	6.8%
Retail	19500	21000	7.7%
General Merchandise & Apparel	1700	1800	5.9%
Eating & Drinking Places	7500	8100	8.0%
Other Retail Trade	7800	8300	6.4%
Fin.-Insurance & R. Estate	7100	7600	7.0%
Services & Misc.	22900	23850	4.1%
Government	24500	25800	5.3%
Federal	9900	10200	3.0%
State	6400	6400	—
Local	8200	9200	12.2%

1/ Totals may not equal sum due to rounding.

2/ Last 3 months forecast.

LABOR FORCE BY REGION AND CENSUS DIVISION

	Labor Force			Unemployment			Rate			Employment		
	P 10/84	R 9/84	10/83	P 10/84	R 9/84	10/83	P 10/84	R 9/84	10/83	P 10/84	R 9/84	10/83
Alaska Statewide	244193	247182	233316	23290	20645	20792	9.5	8.4	8.9	220903	226537	212524
Anchorage-MatSu Region ...	128700	127603	120059	9857	9217	8310	7.7	7.2	6.9	118843	118386	111749
Anchorage	116179	115299	108099	8349	7884	6706	7.2	6.8	6.2	107830	107415	101393
Matanuska-Susitna	12521	12304	11960	1508	1333	1604	12.0	10.8	13.4	11013	10971	10356
Gulf Coast Region	27251	28535	26292	3355	2388	3037	12.3	8.4	11.6	23896	26147	23255
Cordova	1410	1474	1373	131	74	128	9.3	5.0	9.3	1279	1400	1245
Kenai	13946	14767	13607	1770	1445	1758	12.7	9.8	12.9	12176	13322	11849
Kodiak	6311	6429	5852	855	459	542	13.5	7.1	9.3	5456	5970	5310
Seward	1947	2018	1905	243	153	247	12.5	7.6	13.0	1704	1865	1658
Valdez	3637	3847	3555	356	257	362	9.8	6.7	10.2	3281	3590	3193
Interior Region	32657	32976	31581	4168	3819	4350	12.8	11.6	13.8	28489	29157	27231
Fairbanks	26733	26971	25876	3513	3206	3680	13.1	11.9	14.2	23220	23765	22196
Southeast Fairbanks	2620	2671	2516	291	287	290	11.1	10.7	11.5	2329	2384	2226
Upper Yukon	781	804	777	86	93	113	11.0	11.6	14.5	695	711	664
Yukon-Koyukuk	2523	2530	2412	278	233	267	11.0	9.2	11.1	2245	2297	2145
Northern Region	10946	11125	11546	733	923	833	6.7	8.3	7.2	10213	10202	10713
Barrow-North Slope	2906	2949	3111	151	197	221	5.2	6.7	7.1	2755	2752	2890
Kobuk	3434	3509	3630	265	343	305	7.7	9.8	8.4	3169	3166	3325
Nome	4606	4667	4805	317	383	307	6.9	8.2	6.4	4289	4284	4498
Southeast Region	32974	34159	31900	4181	3373	3281	12.7	9.9	10.3	28793	30786	28619
Angoon	461	450	422	80	43	43	17.4	9.6	10.2	381	407	379
Haines	1104	1164	1080	133	125	114	12.0	10.7	10.6	971	1039	966
Juneau	11710	12313	11392	1257	1137	1003	10.7	9.2	8.8	10453	11176	10389
Ketchikan	7409	7522	6662	1352	1046	642	18.2	13.9	9.6	6057	6476	6020
Outer Ketchikan	865	878	845	152	115	136	17.6	13.1	16.1	713	763	709
Prince of Wales	1578	1556	1532	246	132	208	15.6	8.5	13.6	1332	1424	1324
Sitka	4571	4882	4651	348	367	454	7.6	7.5	9.8	4223	4515	4197
Skagway	1608	1606	1758	200	100	358	12.4	6.2	20.4	1408	1506	1400
Wrangell-Petersburg	3668	3788	3558	413	308	323	11.3	8.1	9.1	3255	3480	3235
Southwest Region	11665	12784	11938	996	925	981	8.5	7.2	8.2	10669	11859	10957
Aleutian Islands	3029	3360	3156	128	135	176	4.2	4.0	5.6	2901	3225	2980
Bethel	3816	4140	3853	422	367	367	11.1	8.9	9.5	3394	3773	3486
Bristol Bay Borough	436	471	433	53	45	40	12.2	9.6	9.2	383	426	393
Bristol Bay	1544	1712	1579	111	119	108	7.2	7.0	6.8	1433	1593	1471
Kuskokwim	1019	1107	1072	94	78	122	9.2	7.0	11.4	925	1029	950
Wade Hampton	1821	1994	1845	188	181	168	10.3	9.1	9.1	1633	1813	1677

P/=Preliminary 1983 Benchmark

R/=Revised

Federal guidelines require the use of unrounded labor data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor; because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature; meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

FAIRBANKS/INTERIOR

By Neal Fried

Fairbanks Industry Employment Forecast 1985-1986

Fairbanks' employment is experiencing its fourth straight year of growth and employment is projected to continue growing through the first half of 1986. The employment growth rate peaked at 9.5% in 1981, and has moderated since. Employment is predicted to grow 3% during the forecast period. Although this represents a slowdown in the pace of past employment gains, it remains a healthy rate for Fairbanks' economy.

Growth Industries

The secondary industries will create the majority of the new jobs in Fairbanks during the forecast period. Trade, services and government will be responsible for most of the growth in employment. Government employment, as well as other beneficiaries of government spending have expanded rapidly as a result of increased state expenditures. The result has been rapid population and income growth which also contributes to growth in the secondary industries.

One additional factor which may provide a boost to employment is the Army's plan to relocate 2,000-2,500 soldiers to Fairbanks. This will not only push federal employment higher, but will affect Fairbanks' secondary or support industries. If this does occur, it is unlikely to affect the employment picture until late 1985-early 1986 when the troops are scheduled to begin to arrive in Fairbanks. The psychological effect it will have on the economy before that is hard to quantify, though it will likely exist.

Remaining Industries

Construction continues to be the most difficult industry to predict. Statewide construction employment peaked in 1983, and it appears 1984 will be Fairbanks' peak construction year. Public construction will remain strong, and commercial construction may remain steady while residential construction employment is predicted to drop in 1985. The military's plans, still an unknown factor, could possibly generate a flurry of residential construction activity. If this happens, construction employment in 1985-1986 could closely repeat 1984 levels.

The remaining industries are not forecast to increase employment. Transportation, communication and utilities, one of the largest industries, will at best remain flat but could dip slightly due to possible Alyeska

**Industrial Employment Forecast
Fairbanks
1984-1986***

	Ann. Avg. 1984	Ann. Avg. 1985	Chg. % Chg. of Jobs	Chg. in # of Jobs	1st 6 Mon. 1985	1st 6 Mon. 1986	Chg. %	Chg. in # of Jobs
Total Nonag.								
Wage & Salary	27800	28650	3.1	850	27600	28450	3.0	850
Mining	250	250	0.0	0	200	250	0.0	60
Construction	2900	2700	-7.0	-200	2150	2050	-4.7	-100
Manufacturing	550	600	9.0	50	550	550	0.0	0
Trans. Comm. & Utilities	2800	2800	0.0	0	2750	2750	0.0	0
Trade	5800	6050	4.3	250	5800	6050	4.3	250
Wholesale	1000	1100	10.0	100	1050	1100	4.8	50
Retail	4800	4950	3.1	150	4750	4950	4.2	200
Fin.-Ins. & R. E.	1000	1000	0.0	0	1000	1000	0.0	0
Service & Misc.	5250	5450	3.8	200	5300	5450	2.8	150
Government	9250	9800	5.9	550	9850	10350	5.1	500
Federal	2650	2750	3.8	100	2750	2900	5.5	150
State	3850	4050	5.2	200	4000	4150	3.8	150
Local	2750	3000	9.0	250	3100	3300	6.5	200

* 1986 forecast is only for the first six months of the year.

**Industry Employment Forecast
Fairbanks
Monthly Average Employment by Quarter**

	Q1 1985	Q2 1985	Q3 1985	Q4 1985	Q1 1986	Q2 1986
Total Nonag. Wage & Salary	26450	28750	30500	28750	27250	29600
Mining	200	250	300	200	200	250
Construction	1750	2550	3800	2550	1650	2450
Manufacturing	500	600	700	600	500	600
Trans. Comm. & Utilities	2600	2900	3000	2700	2600	2900
Trade	5550	6000	6400	6150	5800	6300
Wholesale	1000	1050	1150	1150	1100	1150
Retail	4550	4950	5250	5000	4700	5150
Fin.-Ins. & Real Estate	950	1000	1050	1000	1000	1000
Services & Misc.	5150	5450	5800	5400	5300	5600
Government	9750	10000	9450	10150	10200	10500
Federal	2650	2800	2800	2750	2750	2900
State	4000	4050	3950	4250	4150	4250
Local	3050	3150	2750	3100	3250	3350

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
INTERIOR**

CHANGES FROM:

	P/ 10/84	R/ 9/84	10/83	9/84	10/83
Nonag. Wage & Salary	32450	33700	31450	-1250	1000
Mining	450	500	400	-50	50
Construction	3450	4150	3200	-700	250
Manufacturing	600	700	600	-100	0
Trans. Comm. & Utilities	3550	3850	3500	-300	50
Trade	6100	6350	6100	-250	0
Fin.-Insurance & R. Estate	1150	1100	1050	50	100
Services & Misc.	5800	6050	5550	-250	250
Government	11350	11000	11050	350	300

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
FAIRBANKS**

CHANGES FROM:

	P/ 10/84	R/ 9/84	10/83	9/84	10/83
Nonag. Wage & Salary	28650	29800	28000	-1150	650
Mining	250	350	250	-100	0
Construction	3350	4050	3150	-700	200
Manufacturing	550	650	600	-100	-50
Trans. Comm. & Utilities	2850	3050	2850	-200	0
Trucking & Warehousing	450	450	450	0	0
Air Transportation	700	750	700	-50	0
Other Trans. Comm. & Utilities	1700	1850	1700	-150	0
Trade	5700	5950	5750	-250	-50
Wholesale	1000	1000	950	0	50
Retail	4700	4950	4800	-250	-100
Gen. Merchandise & Apparel	450	400	400	50	50
Food Stores	750	750	750	0	0
Other Retail Trade	3500	3800	3650	-300	-150
Fin.-Insurance & R. Estate	1050	1050	1000	0	50
Services & Misc.	5450	5600	5150	-150	300
Government	9450	9100	9250	350	200
Federal	2550	2500	2600	50	-50
State	4150	3850	3950	300	200
Local	2750	2750	2700	0	50

**Anchorage
Industry Employment Forecast
1985 and 1986**

	Annual 1984	Annual 1985	Percent Change	Number of Jobs	1st Half 1985	1st Half 1986	Percent Change	Number of Jobs
Total Employment	109250	112950	3.4	3700	109950	113050	2.8	3100
Mining	3450	3500	1.4	50	3550	3600	1.4	50
Construction	9550	8700	-8.9	-850	8000	7000	-13.0	1000
Manufacturing	2600	2750	5.8	150	2450	2600	6.1	150
Food and Kindred	550	600	9.1	50	450	500	11.1	50
Other Manufacturing	2050	2150	4.9	100	2000	2100	5.0	100
Trans. Comm. & Utilities	9100	9500	4.4	400	9250	9550	3.2	300
Trucking and Warehousing	1300	1300	0.0	0	1250	1300	4.0	50
Water Transportation	300	350	16.7	50	350	350	0.0	0
Air Transportation	3750	3850	2.7	100	3750	3850	2.7	100
Other Trans. Comm. & Utilities	3750	4000	6.7	250	3950	4050	2.5	100
Trade	27300	28750	5.3	1450	27950	29150	4.3	100
Wholesale	6300	6600	4.8	300	6550	6700	2.3	150
Retail	21000	22150	5.5	1150	21450	22500	4.9	1050
General Merchandise & Apparel	1800	1800	0.0	0	1750	1800	2.9	50
Food Stores	2800	3000	7.1	200	2900	3100	6.9	200
Eating and Drinking Places	8100	8550	5.6	450	8350	8750	4.8	400
Other Retail Trade	8300	8800	6.0	500	8500	8850	4.1	350
Fin.-Insurance & R. Estate	7600	8050	5.9	450	7900	8250	4.4	350
Services and Miscellaneous	23850	25000	4.8	1150	24550	25550	4.1	1000
Government	25800	26700	3.5	900	26350	27300	3.6	950
Federal	10200	10500	2.9	300	10300	10650	3.4	350
State	6400	6600	3.1	200	6550	6800	3.8	250
Local	9200	9600	4.3	400	9500	9850	3.7	350

Anchorage
Industry Employment Forecast

	1985				1986	
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter
Total Nonag. Wage & Salary	107850	112100	116900	114900	111200	114900
Mining	3550	3550	3500	3400	3550	3650
Construction	7400	8600	10350	8350	6450	7550
Manufacturing	2250	2650	3400	2650	2400	2800
Food and Kindred	400	500	1000	500	450	550
Other Manufacturing	1850	2150	2400	2150	2050	2100
Trans. Comm. & Utilities	9050	9450	9850	9650	9350	9800
Trucking and Warehousing	1250	1250	1350	1350	1300	1300
Water Transportation	300	350	350	350	300	350
Air Transportation	3700	3800	4000	3950	3800	3900
Other Trans. Comm. & Utilities	3800	4050	4150	4000	3900	4200
Trade	27500	28400	29300	29800	28800	29550
Wholesale	6450	6550	6550	6650	6650	6750
Retail	21050	21850	22650	23150	22200	22800
General Merchandise and Apparel	1700	1750	1800	1950	1750	1850
Food Stores	2800	2950	3150	3200	3050	3150
Eating and Drinking Places	8200	8500	8850	8700	8650	8850
Other Retail Trade	8350	8650	8850	9300	8750	8950
Fin.-Insurance and Real Estate	7800	8000	8150	8250	8200	8300
Services and Miscellaneous	24250	24890	25600	25400	25400	25700
Government	26050	26650	26750	27400	27050	27550
Federal	10150	10450	10750	10700	10550	10750
State	6500	6600	6500	6850	6750	6850
Local	9400	9600	9500	9850	9650	9850

Pipeline Company layoffs and a loss of 78 jobs at Bendix (Gilmore Creek Satellite Tracking Station).

Methodology of the Model

This forecast was produced using the Box-Jenkins ARIMA modeling technique. This model is designed to produce accurate forecasts up to two years. Each industry is forecasted individually, based on past years' experience to arrive at estimated future employment. The forecasted figures are adjusted where the model was unable to account for specific events.

GULF COAST

By Neal Fried

Kenai Peninsula Borough's Employment 1980-1984

The Kenai Peninsula Borough is the second largest and second fastest growing borough in the state. The population grew by 54% and employment climbed by approximately 61% over the past four years. The communities within the Borough which have led this growth have been Homer, Soldotna, and Kenai.

Employment and population growth is largely a result of state sponsored economic expansion through the expenditures of oil revenues. Tourism has also provided some boost to employment. Most of the growth has taken place in the area's secondary industries. A number of the Peninsula's "traditional" basic industries, mining (oil) and manufacturing (fish, processing and refining) have not contributed to this employment growth. Fish processing and oil related employment have actually declined since 1980.

The industries which have chalked up the greatest employment gains have been services, trade, construction, and government. The number of jobs in retail trade from 1980-1983 grew by more than 50%. Comparing the first quarter 1983 employment data with first quarter 1984, trade grew by 23%. The expansion in trade is evident with the new malls, large grocery and merchandise chains, and a variety of specialty retail outlets and restaurants that have opened recently.

The larger retail establishments have captured a bigger share of the Peninsula's trade market during the past four years. There are now six employees per establishment compared to four in 1980. The service industry story has been similar. Employment in services grew by 30% from 1980-1983 and also had a big gain in the first quarter 1984, growing by 13.5% over the same quarter last year. The growth in these two industries has come as a result of greater income and population and as well as an expanding tourism industry.

The construction industry has been a major beneficiary of state expenditures and subsidized interest loans for housing. Construction grew from an annual average employment level of 600 in 1980 to 1,000 in 1983. Statewide construction employment peaked in 1983, but on the Peninsula it appears construction will peak in 1984. Residential construction has already fallen off and commercial construction appears to be peaking, although the \$93 million expansion of the Tesoro refinery will insure respectable commercial construction levels through most of 1985. Public construction will likely remain strong considering the revenues the area received from Juneau for capital projects this year.

**Kenai Peninsula's Employment
1980-1984**

	Annual Average				1st Quarter Avg.	
	1980	1981	1982	1983	1983	1984
Total Nonag. Wage & Salary	8550	9150	10000	10450	8750	9650
Mining	800	800	850	700	700	650
Construction	600	700	800	1000	450	750
Manufacturing	1800	1750	1650	1550	850	750
Food & Kindred	1100	1100	1100	900	350	200
Other Manufacturing	700	650	550	650	500	550
Trans. Comm. & Utilities	700	900	1100	1050	1000	1100
Trade	1350	1500	1600	1800	1500	1850
Wholesale	250	350	300	300	300	300
Retail	1100	1150	1300	1500	1200	1550
Fin. Insurance & R. Estate	200	250	300	300	300	350
Services & Miscellaneous	1200	1300	1550	1650	1500	1550
Government	1900	1950	2150	2400	2450	2650
Federal	200	150	150	200	150	150
State	550	600	650	700	650	750
Local	1150	1200	1350	1500	1650	1750

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
GULF COAST**

CHANGES FROM:

	P/ 10/84	R/ 9/84	10/83	9/84	10/83
Nonag. Wage & Salary	20450	22700	20250	-2250	200
Mining	700	700	700	0	0
Construction	2600	2750	2550	-150	50
Manufacturing	2400	3950	2450	-1550	-50
Food and Kindred Prod.	1700	3200	1750	-1500	-50
All Other Mfg.	700	750	700	-50	0
Trans. Comm. & Utilities	2250	2300	2500	-50	-250
Trade	3400	3650	3350	-250	50
Wholesale	500	600	550	-100	-50
Retail	2900	3050	2800	-150	100
Fin.-Insurance & R. Estate	550	550	500	0	50
Services & Misc.	3250	3400	3050	-150	200
Government	5300	5400	5150	-100	150
Federal	550	600	550	-50	0
State	1650	1650	1550	0	100
Local	3100	3150	3050	-50	50

With a growing population and growing state revenues, government employment has increased during the past four years. School enrollment has grown by 31% over the past four years making it necessary to hire larger school staffs. The demand for additional local services has made it necessary for local governments to add to their staffs. State and federal employment have also increased in the Borough.

The Peninsula probably has the most active tourism industry in the state because of its recreational opportunities and its proximity to Anchorage. The Peninsula benefits both from outside visitors and a constant stream of pleasure seekers from Anchorage. While there is no one figure for the number of people employed in tourism, it does affect most of the areas secondary industries. Anchorage's growing population and the steady increase in out-of-state visitors has assured the continued growth in this industry.

Generally, when the employment side of the labor force equation grows there is a corresponding decline in the unemployment rate. This has not happened on the Peninsula nor has it happened elsewhere in the state. Though employment growth has been dramatic, the increasing number of new job seekers has been equally dramatic, keeping the rate high. The average annual unemployment rate was 15.3% in 1980 and after a drop in 1981 climbed back to 15.2% in 1983 and has remained at that level in 1984. Employment growth has brought many new job opportunities to the residents of the Peninsula, but the unemployment problem has certainly not evaporated.

SOUTHEAST ALASKA

By John Boucher

Southeast Alaska Employment Forecast Through Mid 1986

While the period from 1980 to 1983 resulted in explosive employment growth in some labor market areas of the state, Southeast Alaska employment growth was less spectacular. This was largely because of the region's dependency upon the manufacturing industry and the support it receives from other industries. It is worth noting that had manufacturing and transportation stayed at their 1980 levels throughout this period, employment growth in Southeast would have been 12.5%, almost double the 6.5% experienced during this period.

In looking forward to 1985 and 1986, the first question that needs to be answered is will the trends of 1980-83 continue? Will construction, trade, services and government employment continue to grow while manufacturing and related transportation employment continue to drop? Some of the trends from the early eighties will continue in 1985 and 1986, while others will change direction.

Construction

Perhaps the most dramatic impact on Southeast employment in the early eighties was made by the construction industry. Large hydro projects financed by state oil revenues, combined with residential and commercial construction booms in the larger cities caused construction employment to increase by 66% from 1980 to 1983. This trend, however, will not continue into 1986. Lower international oil prices and corresponding lower revenue from oil tax dollars will limit large capital construction projects for at least the next several years. In addition there appears to be an adequate supply of space in both the residential and commercial sectors, so building in these sectors will slow from the breakneck pace of 1980-83. Barring any dramatic change in oil prices, construction will level off in 1984 and have small decreases in 1985 and 1986.

Manufacturing

Manufacturing had the largest negative impact on total Southeast employment. Annual average employment dropped 1,150 jobs in manufacturing from 1980-1983. Lumber and paper products accounted for the largest portion of this decrease, but seafood processing also contributed to the decline. In 1985 and 1986 it is anticipated that lumber and paper products, and the manufacturing industry in general will continue to show employment declines but will experience less dramatic drops than as was characteristic of the early 1980's. Recent legislative and executive action have provided some relief to the Southeast Alaska timber industry

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK
SOUTHEAST ALASKA**

CHANGES FROM:

	P/ 10/84	R/ 9/84	10/83	9/84	10/83
Nonag. Wage & Salary	29350	31600	28850	-2250	500
Construction	2050	2350	2350	-300	-300
Manufacturing	3000	4100	3000	-1100	0
Food & Kindred Products	600	1600	600	-1000	0
Lumber & Paper Products ...	2150	2250	2150	-100	0
All Other Mfg.	250	250	250	0	0
Trans. Comm. & Utilities	2100	2250	2150	-150	-50
Trade	4750	5050	4600	-300	150
Wholesale	500	500	400	0	100
Retail	4250	4550	4200	-300	50
Fin.-Insurance & R. Estate	1050	1050	1000	0	50
Mining, Services & Misc.	4600	4850	4150	-250	450
Government	11800	11950	11600	-150	200
Federal	2150	2300	2250	-150	-100
State	5500	5500	5300	0	200
Local	4150	4150	4050	0	100

and these actions could save some employment in this industry in the short term. The food and kindred products sector of manufacturing is anticipated to remain stable throughout the forecast period.

Trade and Services

Trade and services related employment followed construction in terms of percentage employment gains from 1980 to 1983. It is forecast that during the next several years that these two industries will assume leading roles in Southeast Alaska employment growth. Trade employment growth is expected to slow somewhat from the pace of the past several years largely because a portion of the growth in trade has been related to construction. Hardware and building supply stores, for example, are not expected to grow as quickly as they have in the past. Services employment is also expected to continue growing but at a slower pace.

Transportation, Communication and Utilities; Finance, Insurance and Real Estate

The transportation, communication and public utilities and finance, insurance and real estate industries both experienced slight downward trends in employment from 1980 to 1983. The factors that led to the declines in these two industries were somewhat similar. The closing of the White Pass railroad, and the slowdown of stevedoring activity related to

**Southeast
Industrial Employment Forecast
Quarterly Average
1984**

Industry	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Average	First Six Mon. 1984 Average
Total Nonag. Wage & Salary	26050	29600	32100	28500	29050	27850
Construction	1300	2000	2500	2050	1950	1650
Manufacturing	2000	3600	4650	2750	3250	2800
Food and Kindred	400	1350	2100	600	1100	850
Lumber and Paper	1400	2050	2300	1900	1900	1750
Other Manufacturing	200	250	250	250	250	250
Transportation	1850	2100	2350	2000	2100	2000
Trade	4300	4700	5250	4850	4800	4500
Wholesale	400	450	500	450	450	450
Retail	3900	4250	4750	4400	4350	4100
Fin.-Insurance & R. Estate	1000	1050	1050	1000	1000	1000
Mining, Services and Misc.	4050	4400	4550	4150	4300	4250
Government	11600	11800	11750	11700	11700	11700
Federal	2050	2250	2400	2200	2250	2150
State	5400	5500	5400	5300	5400	5450
Local	4100	4000	3900	4200	4050	4050

**Southeast
Industrial Employment Forecast
1985**

Industry	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual Average	First Six Mon. 1985 Average
Total Nonag. Wage & Salary	26800	30500	32450	29050	29700	28650
Construction	1300	1900	2400	1900	1850	1600
Manufacturing	2050	3600	4450	2600	3200	2800
Food and Kindred	450	1250	2050	600	1100	850
Lumber and Paper	1350	2100	2200	1750	1850	1750
Other Manufacturing	250	250	250	250	250	250
Transportation	1850	2050	2300	2000	2050	1950
Trade	4600	5100	5600	5200	5150	4850
Wholesale	450	500	550	500	500	450
Retail	4150	4650	5050	4700	4650	4400
Fin.-Insurance & R. Estate	1050	1100	1050	1050	1050	1050
Mining, Services and Misc.	4150	4600	4850	4450	4550	4400
Government	11800	12050	11750	11850	11850	11900
Federal	2050	2250	2400	2200	2250	2150
State	5500	5650	5450	5350	5500	5600
Local	4200	4150	3900	4300	4150	4200

**Southeast
Industrial Employment Forecast
1986**

Industry	First Quarter	Second Quarter	First Six Months 1986 Average
Total Nonag. Wage & Salary	27600	31300	29100
Construction	1450	2100	1550
Manufacturing	2000	3450	2750
Food and Kindred	450	1250	850
Lumber and Paper	1300	2000	1650
Other Manufacturing	250	250	250
Transportation	1850	2050	1950
Trade	4900	5450	5200
Wholesale	500	500	500
Retail	4400	4950	4700
Fin.-Insurance & R. Estate	1050	1050	1050
Mining, Services and Misc.	4450	4950	4700
Government	11900	12200	12050
Federal	2050	2250	2150
State	5600	5800	5700
Local	4300	4200	4250

**Southeast
Industrial Employment Forecast
Percent Growth**

Industry	84-85	First Six Months Average 84-85	First Six Months Average 85-86
Total Nonag. Wage & Salary	2.2%	2.5%	1.6%
Construction	-5.1%	-3.0%	-3.1%
Manufacturing	-3.0%	0%	1.8%
Food and Kindred	-9.1%	0%	0%
Lumber and Paper	-2.6%	0%	5.7%
Other Manufacturing	0%	0%	0%
Transportation	-2.4%	-2.5%	0%
Trade	7.3%	7.7%	7.2%
Wholesale	11.1%	0%	11.1%
Retail	6.9%	7.3%	6.8%
Fin.-Insurance & R. Estate	5.0%	5.0%	0%
Mining, Services and Misc.	5.8%	3.5%	6.8%
Government	1.9%	1.7%	1.7%
Federal	0%	0%	0%
State	1.9%	2.8%	1.8%
Local	2.5%	3.6%	1.2%

the ailing wood products industry contributed to the decline in employment in transportation. Cutbacks in Native corporation employment related to the timber industry downturn and difficulties in the seafood market resulted in a drop in employment in finance, insurance and real estate. In both industries the sectors such as communications, banking and insurance have shown consistent growth during the past several years. It is these growing sectors which will push these two industries back into growth modes.

Government

Government, the largest employer in the region, is anticipated to continue the trends of the past several years. Federal government is anticipated to remain stable throughout the forecast period. State government and local government employment are expected to show slight growth during 1985 and 1986.

Methodology and Assumptions

The Southeast employment forecast is based on the Box-Jenkins ARIMA modeling method. ARIMA models are a quantitative method which can be used to produce short-term forecasts of a time series from its own past values. The ARIMA models have proved to be excellent short-term forecasting models and have frequently out performed larger, more complex models. The major assumptions underlying these models is that there will be no major change in the price of oil during the forecast period and no major changes in the minerals market which would hasten development of the Green's Creek and Quartz Hill projects.

HOURS AND EARNINGS

By Kathleen Thomas

September is usually the beginning of the post-summer slow down. The tourist season is over, the major salmon runs are through, and the fall weather cools expansion in other industries.

The 1984 salmon run ranked with the best according to preliminary Department of Fish and Game data. This summer 132.5 million salmon were caught totaling 516 million pounds. This summer in food and kindred products the peak of 49.8 average weekly hours occurred in August. For September, average weekly hours are 44.6% lower than August and the same level as September 1983. Average hourly earnings are 2.6% below August levels.

September construction average weekly hours, at 45.7 hours, had a negligible percentage change from August. Though construction still appears to be active, average weekly hours have been lower in 1984 than they were in 1983. With the number of building permit requests down, it is doubtful that average weekly hours will be increasing significantly over the next year.

September average weekly hours in lumber and paper products dropped 11.3% from August but average hourly earnings increased 5.4% above August levels. Average weekly hours and average hourly earnings are both below September 1983 levels. As is true in food and kindred products as average weekly hours decrease more of the lower paid summer employees are laid off resulting in higher average hourly earnings.

Since the summer is over, retail trade has slowed its pace as tourists have moved on to warmer climates. Average weekly hours in retail trade decreased 4.3% from August but are consistent with year ago levels.